



STATE AND CONSUMER SERVICES AGENCY • GOVERNOR EDMUND G. BROWN JR.

BOARD OF VOCATIONAL NURSING & PSYCHIATRIC TECHNICIANS

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DATE: May 1, 2013

TO: Board Members

FROM: 
Teresa Bello-Jones
Executive Officer

SUBJECT: Vocational Nursing (VN) and Psychiatric Technicians (PT) Fund Conditions Report

Statement of Issue

The Board is a "special fund agency" that is totally self-supporting. The Board oversees two distinct licensure programs (i.e., Vocational Nursing Program and Psychiatric Technicians Program). Each program has its own statutes and regulations, budget authority, curriculum requirements, examinations, and staff.

The Board derives all of its revenue from its applicants and licensees through the collection of examination, licensing and renewal fees. The Board's main sources of revenue are from the following fee categories:

- Application
- Re-Examination
- Initial License
- Biennial Renewal
- Delinquent Renewal

The fees for the Board's main sources of revenue are at the statutory maximums.

Current budget projections indicate that the VN Program's fund reserve will be exhausted by Fiscal Year (FY) 2019/20 and the PT Program's fund reserve will be exhausted by FY 2016/17. To generate more revenue, the Board could consider raising those fees that are not at the statutory maximum to the maximum. In order to do so, a regulatory amendment is required.

Background and Subject Review

The last fee change occurred on October 1, 2010. The statutory fee ranges are cited in the Business and Professions Code (B&P Code), Section 2895 (VN) and 4548 (PT) and the specific fee amounts currently charged are cited in the CCR, Title 16, Sections 2537 (VN) and 2590 (PT).

On February 20, 2009, the Board approved proposed statutory amendments to B&P Code Sections 2895 and 4548 relative to increasing the "statutory fee ranges" for the initial license fee, the biennial renewal fee and the delinquency fee. Board staff was directed to proceed with the legislative process. On February 19, 2010, Assembly Bill (AB) 2484 was introduced by Assembly Member Carter to increase statutory fee ranges. Unfortunately, the author dropped the bill due to opposition by one of the professional nursing organizations.

The following table reveals that both the VN and PT Programs are at the statutory maximums allowed by law for most of its fees.

FEE SCHEDULES & STATUTORY FEE RANGES				
Fee Categories	VN Program		PT Program	
	Current Fees (eff. 10/1/2010)	Statutory Fee Ranges	Current Fees (eff. 10/1/2010)	Statutory Fee Ranges
1. Application	\$150*	\$75 - \$150	\$150*	\$100 - \$150
2. Re-Examination	\$150*	\$75 - \$150	\$150*	\$100 - \$150
3. Initial License	\$150*	\$100 - \$150	\$300*	\$200 - \$300
4. Biennial Renewal (every two years)	\$155*	\$100 - \$150	\$300*	\$200 - \$300
5. Delinquency	\$75*	\$50 - \$75	\$150*	\$100 - \$150
6. Interim Permit	\$40	\$40 - \$50	\$20	\$20 - \$50
7. Duplicate License	\$25	\$25 - \$50	\$20	\$20 - \$50
8. Endorsement	\$75	\$75 - \$100	\$20	\$20 - \$50
9. Continuing Education Provider	\$200	No Range	\$150	\$150 - \$200
10. Blood Withdrawal Certification***	N/A	N/A	\$20	\$20 - \$50
<p>* These fee categories are at the statutory maximums allowed by law. No further fee increases can be implemented until the fee ranges are raised.</p> <p>Vocational Nurse Education Fund – Although the Board's VN renewal fee is \$150, the Board is required to collect an additional \$5.00 at the time of license renewal from its LVNs (i.e., \$155) to fund VN education efforts.</p> <p>*** Post-licensure certification in blood withdrawal for PTs began in 1999.</p>				

Fees that are not currently at the statutory maximum are:

- VN and PT Interim Permit fees;
- VN and PT Duplicate License fees;
- VN and PT Endorsement fees;
- PT Continuing Education fee; and
- PT Blood Withdrawal Certification fee.

Attachment A shows an Analysis of the VN and PT Programs' Fund Conditions. According to the DCA Budget Office, the VN Program is facing a fund deficit in FY 2019/20 based on current projected revenue and expenditures. The PT Program is facing a fund deficit in FY 2016/17 based on current projected revenue and expenditures. Therefore, legislation is required to raise VN and PT fees beyond the current statutory maximums prior to the fund deficit becoming reality.

Attachment B shows an Analysis of the VN and PT Programs' Fund Conditions with estimated revenue if fees are increased to the statutory maximum for those fee categories that are not currently at the maximum. According to the DCA Budget Office, the additional revenue from those fees will have minimal impact to the VN fund condition and no impact to the PT fund condition. Even if those fees are increased to the maximum, legislation would still be needed to increase fees at the time necessary.

At its February 2012 Board Meeting, the Board approved a merger of the VN and PT funds. By merging the funds the need to increase the PT fees will be delayed by 2-3 years. However, with the merger it is still projected that both the VN and PT programs will need to increase fees to avoid a fund deficit by FY 2018/19. The Board is working with the DCA Budget Office to determine the appropriate time and method to move forward with the merger.

Agenda Item #11. - Attachment A

0779 - Vocational Nurse Program Analysis of Fund Condition

(Dollars in Thousands)

FY 2013-14 Governor's Budget

	BUDGET ACT								
	ACTUAL 2011-12	CY 2012-13	BY 2013-14	BY+1 2014-15	BY+2 2015-16	BY+3 2016-17	BY+4 2017-18	BY+5 2018-19	BY+6 2019-20
BEGINNING BALANCE	\$ 8,609	\$ 8,978	\$ 8,580	\$ 8,328	\$ 7,796	\$ 6,929	\$ 5,718	\$ 4,184	\$ 2,278
Prior Year Adjustment	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 8,611	\$ 8,978	\$ 8,580	\$ 8,328	\$ 7,796	\$ 6,929	\$ 5,718	\$ 4,184	\$ 2,278
REVENUES AND TRANSFERS									
Revenues:									
125600 Other regulatory fees	\$ 218	\$ 121	\$ 121	\$ 121	\$ 121	\$ 121	\$ 121	\$ 121	\$ 121
125700 Other regulatory licenses and permits	\$ 3,592	\$ 3,594	\$ 3,594	\$ 3,594	\$ 3,594	\$ 3,594	\$ 3,594	\$ 3,594	\$ 3,594
125800 Renewal fees	\$ 5,911	\$ 5,925	\$ 5,925	\$ 5,925	\$ 5,925	\$ 5,925	\$ 5,925	\$ 5,925	\$ 5,925
125900 Delinquent fees	\$ 130	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128
141200 Sales of documents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
142500 Miscellaneous services to the public	\$ 2	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4
150300 Income from surplus money investments	\$ 32	\$ 25	\$ 23	\$ 23	\$ 21	\$ 17	\$ 41	\$ 23	\$ -
150500 Interest from Interfund Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
160400 Sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
161000 Escheat of unclaimed checks and warrants	\$ 5	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
161400 Miscellaneous revenues	\$ 11	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6
Totals, Revenues	\$ 9,901	\$ 9,806	\$ 9,804	\$ 9,804	\$ 9,802	\$ 9,798	\$ 9,822	\$ 9,804	\$ 9,781
Totals, Revenues and Transfers	\$ 9,901	\$ 9,806	\$ 9,804	\$ 9,804	\$ 9,802	\$ 9,798	\$ 9,822	\$ 9,804	\$ 9,781
Totals, Resources	\$ 18,512	\$ 18,784	\$ 18,384	\$ 18,132	\$ 17,598	\$ 16,727	\$ 15,540	\$ 13,988	\$ 12,059
EXPENDITURES									
Disbursements:									
0840 State Controller (State Operations)	\$ 13	\$ 14							
8880 Financial Information System for CA (State Operations)	\$ 28	\$ 55	\$ 47						
1110 Program Expenditures (State Operations)	\$ 9,493	\$ 10,135	\$ 10,009	\$ 10,336	\$ 10,669	\$ 11,009	\$ 11,356	\$ 11,710	\$ 12,071
Total Disbursements	\$ 9,534	\$ 10,204	\$ 10,056	\$ 10,336	\$ 10,669	\$ 11,009	\$ 11,356	\$ 11,710	\$ 12,071
FUND BALANCE									
Reserve for economic uncertainties	\$ 8,978	\$ 8,580	\$ 8,328	\$ 7,796	\$ 6,929	\$ 5,718	\$ 4,184	\$ 2,278	\$ -12
Months in Reserve	10.6	10.2	9.7	8.8	7.6	6.0	4.3	2.3	0.0

NOTES:

- A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED.
- B. EXPENDITURE GROWTH PROJECTED AT 2%.

0780 - Psychiatric Technicians Program

Analysis of Fund Condition

(Dollars in Thousands)

FY 2013-14 Governor's Budget

	BUDGET ACT								
	Actual 2011-12	CY 2012-13	BY 2013-14	BY+1 2014-15	BY+2 2015-16	BY+3 2016-17	BY+4 2017-18	BY+5 2018-19	BY+6 2019-20
BEGINNING BALANCE	\$ 1,933	\$ 1,905	\$ 1,465	\$ 1,075	\$ 639	\$ 145	\$ (407)	\$ (1,018)	\$ (1,689)
Prior Year Adjustment	\$ 45	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 1,978	\$ 1,905	\$ 1,465	\$ 1,075	\$ 639	\$ 145	\$ (407)	\$ (1,018)	\$ (1,689)
REVENUES AND TRANSFERS									
Revenues:									
125600 Other regulatory fees	\$ 24	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4
125700 Other regulatory licenses and permits	\$ 281	\$ 284	\$ 284	\$ 284	\$ 284	\$ 284	\$ 284	\$ 284	\$ 284
125800 Renewal fees	\$ 1,397	\$ 1,410	\$ 1,410	\$ 1,410	\$ 1,410	\$ 1,410	\$ 1,410	\$ 1,410	\$ 1,410
125900 Delinquent fees	\$ 19	\$ 19	\$ 19	\$ 19	\$ 19	\$ 19	\$ 19	\$ 19	\$ 19
141200 Sales of documents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
142500 Miscellaneous services to the public	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
150300 Income from surplus money investments	\$ 8	\$ 4	\$ 3	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -
150500 Interest from Interfund Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
160400 Sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
161000 Escheat of unclaimed checks and warrants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
161400 Miscellaneous revenues	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Totals, Revenues	\$ 1,730	\$ 1,722	\$ 1,721	\$ 1,720	\$ 1,718	\$ 1,718	\$ 1,718	\$ 1,718	\$ 1,718
Totals, Revenues and Transfers	\$ 1,730	\$ 1,722	\$ 1,721	\$ 1,720	\$ 1,718	\$ 1,718	\$ 1,718	\$ 1,718	\$ 1,718
Totals, Resources	\$ 3,708	\$ 3,627	\$ 3,186	\$ 2,795	\$ 2,357	\$ 1,863	\$ 1,311	\$ 700	\$ 29
EXPENDITURES									
Disbursements:									
0840 State Controller (State Operations)	\$ 3	\$ 3							
8880 Financial Information System for CA (State Operations)	\$ 7	\$ 12	\$ 10						
1110 Expenditures (State Operations)	\$ 1,793	\$ 2,147	\$ 2,101	\$ 2,156	\$ 2,212	\$ 2,270	\$ 2,329	\$ 2,389	\$ 2,450
Total Disbursements	\$ 1,803	\$ 2,162	\$ 2,111	\$ 2,156	\$ 2,212	\$ 2,270	\$ 2,329	\$ 2,389	\$ 2,450
FUND BALANCE									
Reserve for economic uncertainties	\$ 1,905	\$ 1,465	\$ 1,075	\$ 639	\$ 145	\$ -407	\$ -1,018	\$ -1,689	\$ -2,421
Months in Reserve	10.6	8.3	6.0	3.5	0.8	-2.1	-5.1	-8.3	-11.9

NOTES:

- A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED.
- B. EXPENDITURE GROWTH PROJECTED AT 2%.

Agenda Item #11. – Attachment B

0779 - Vocational Nurse Program Analysis of Fund Condition

Prepared 04/17/2013

(Dollars in Thousands)

FY 2013-14 Governor's Budget

+ Board estimated revenue at statutory max effective 01/01/2014

	ACTUAL 2011-12	BUDGET ACT CY 2012-13	BY 2013-14	BY+1 2014-15	BY+2 2015-16
BEGINNING BALANCE	\$ 8,609	\$ 8,978	\$ 8,580	\$ 8,356	\$ 7,880
Prior Year Adjustment	\$ 2	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 8,611	\$ 8,978	\$ 8,580	\$ 8,356	\$ 7,880
REVENUES AND TRANSFERS					
Revenues:					
125600 Other regulatory fees	\$ 218	\$ 121	\$ 121	\$ 121	\$ 121
125600XX Other regulatory fees (statutory max)			\$ 28	\$ 56	\$ 56
125700 Other regulatory licenses and permits	\$ 3,592	\$ 3,594	\$ 3,594	\$ 3,594	\$ 3,594
125800 Renewal fees	\$ 5,911	\$ 5,925	\$ 5,925	\$ 5,925	\$ 5,925
125900 Delinquent fees	\$ 130	\$ 128	\$ 128	\$ 128	\$ 128
141200 Sales of documents	\$ -	\$ -	\$ -	\$ -	\$ -
142500 Miscellaneous services to the public	\$ 2	\$ 4	\$ 4	\$ 4	\$ 4
150300 Income from surplus money investments	\$ 32	\$ 25	\$ 23	\$ 23	\$ 21
150500 Interest from Interfund Loans	\$ -	\$ -	\$ -	\$ -	\$ -
160400 Sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -
161000 Escheat of unclaimed checks and warrants	\$ 5	\$ 3	\$ 3	\$ 3	\$ 3
161400 Miscellaneous revenues	\$ 11	\$ 6	\$ 6	\$ 6	\$ 6
Totals, Revenues	\$ 9,901	\$ 9,806	\$ 9,832	\$ 9,860	\$ 9,858
Totals, Revenues and Transfers	\$ 9,901	\$ 9,806	\$ 9,832	\$ 9,860	\$ 9,858
Totals, Resources	\$ 18,512	\$ 18,784	\$ 18,412	\$ 18,216	\$ 17,738
EXPENDITURES					
Disbursements:					
0840 State Controller (State Operations)	\$ 13	\$ 14	\$ -	\$ -	\$ -
8880 Financial Information System for CA (State Operations)	\$ 28	\$ 55	\$ 47	\$ -	\$ -
1110 Program Expenditures (State Operations)	\$ 9,493	\$ 10,135	\$ 10,009	\$ 10,336	\$ 10,669
Total Disbursements	\$ 9,534	\$ 10,204	\$ 10,056	\$ 10,336	\$ 10,669
FUND BALANCE					
Reserve for economic uncertainties	\$ 8,978	\$ 8,580	\$ 8,356	\$ 7,880	\$ 7,069
Months in Reserve	10.6	10.2	9.7	8.9	7.7

NOTES:

- A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED FOR 2014-15 AND ON-GOING
- B. EXPENDITURE GROWTH PROJECTED AT 2% BEGINNING FY 2014-15
- C. ASSUMES INTEREST RATE AT 0.3%.

0780 - Psychiatric Technicians Program

Analysis of Fund Condition

Prepared 4/17/2013

(Dollars in Thousands)

FY 2013-14 Governor's Budget

+ Board estimated revenue at statutory max effective 01/01/2014

	Actual 2011-12	BUDGET ACT CY 2012-13	BY 2013-14	BY+1 2014-15	BY+2 2015-16
BEGINNING BALANCE	\$ 1,933	\$ 1,905	\$ 1,465	\$ 1,077	\$ 645
Prior Year Adjustment	\$ 45	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 1,978	\$ 1,905	\$ 1,465	\$ 1,077	\$ 645
REVENUES AND TRANSFERS					
Revenues:					
125600 Other regulatory fees	\$ 24	\$ 4	\$ 4	\$ 4	\$ 4
125600XX Other regulatory fees (statutory max)			\$ 2	\$ 4	\$ 4
125700 Other regulatory licenses and permits	\$ 281	\$ 284	\$ 284	\$ 284	\$ 284
125800 Renewal fees	\$ 1,397	\$ 1,410	\$ 1,410	\$ 1,410	\$ 1,410
125900 Delinquent fees	\$ 19	\$ 19	\$ 19	\$ 19	\$ 19
141200 Sales of documents	\$ -	\$ -	\$ -	\$ -	\$ -
142500 Miscellaneous services to the public	\$ -	\$ -	\$ -	\$ -	\$ -
150300 Income from surplus money investments	\$ 8	\$ 4	\$ 3	\$ 2	\$ -
150500 Interest from Interfund Loans	\$ -	\$ -	\$ -	\$ -	\$ -
160400 Sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -
161000 Escheat of unclaimed checks and warrants	\$ -	\$ -	\$ -	\$ -	\$ -
161400 Miscellaneous revenues	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Totals, Revenues	\$ 1,730	\$ 1,722	\$ 1,723	\$ 1,724	\$ 1,722
Totals, Revenues and Transfers	\$ 1,730	\$ 1,722	\$ 1,723	\$ 1,724	\$ 1,722
Totals, Resources	\$ 3,708	\$ 3,627	\$ 3,188	\$ 2,801	\$ 2,367
EXPENDITURES					
Disbursements:					
0840 State Controller (State Operations)	\$ 3	\$ 3	\$ -	\$ -	\$ -
8880 Financial Information System for CA (State Operations)	\$ 7	\$ 12	\$ 10	\$ -	\$ -
1110 Expenditures (State Operations)	\$ 1,793	\$ 2,147	\$ 2,101	\$ 2,156	\$ 2,212
Total Disbursements	\$ 1,803	\$ 2,162	\$ 2,111	\$ 2,156	\$ 2,212
FUND BALANCE					
Reserve for economic uncertainties	\$ 1,905	\$ 1,465	\$ 1,077	\$ 645	\$ 155
Months in Reserve	10.6	8.3	6.0	3.5	0.8

NOTES:

- ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED FOR 2014-15 AND ON-GOING
- EXPENDITURE GROWTH PROJECTED AT 2% BEGINNING FY 2014-15
- ASSUMES INTEREST RATE AT 0.3%.